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INFORMATION REPORT

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East Germany

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SUBJECT

1952 Production Schedules in East Germany
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SUPPLEMENT TO
REPORT NO.

1. The negotiations by the foreign trade offices of the Soviet Zone of Germany to obtain rolled steel from foreign countries indicated that the Soviet Zone requirements for 1952 for imports of rolled material could not be met. The shipments of rolled material from the U.S.S.R. to the Soviet Zone of Germany are substantially smaller than expected and the restrictions imposed by western countries have prevented obtaining sizable supplies from the West. The existing shortage of rolled material cannot be remedied through black market deals in the West.
2. At a meeting of the State Planning Commission, held in mid-December 1951 under the direction of Bruno Leuschner, the deputy chairman of the State Planning Commission, this situation was discussed. It was decided to reduce the production schedules of those items in the 1952 Economic Plan (Volkswirtschaftsplan 1952) which require large quantities of material and are not of vital importance to the realization of the Five-Year Plan, such as light and medium type machine tools, and ordinary railroad freight cars.
3. At first the production schedules of all those items which will be hard to sell, and especially difficult to export in 1952, were reduced. In addition, all exports which had no special political significance were curtailed, as well as exports which, although desirable are not absolutely necessary. However, because of organizational weaknesses within the Planning Organization, and the arbitrary working methods of the SAGs which do not coordinate their plans with those of the nationalized plants, and because of the vagueness of existing export and reparations orders, it is not sufficiently clear which products can be curtailed without jeopardizing the fulfillment of existing contracts. The reductions in the machine construction industry were to amount to about 60,000,000 eastmarks or about 10 percent of the quota, and about 30,000,000 eastmarks or 5 percent of the quota in the electrical engineering industry. Only small reductions were made in the schedules of the precision mechanical and optical industries.
4. It later became evident that it would not be possible to make reductions involving export obligations because the U.S.S.R. insisted upon the fulfillment of export orders regardless of the shortage of materials in the Soviet Zone. It has not yet been determined how the materials required to meet these export obligations can be obtained.*

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* Comment. This report confirms previous reports that the shortage of steel is the most critical bottleneck of the Soviet Zone economy. In 1936, the domestic

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steel production of the Soviet Zone of Germany was 1,200,000 tons. Most of the additional 2,000,000 tons of steel required was supplied from the Ruhr district in the form of rolled steel. The 1952 schedule calls for a production of 1,600,000 tons of ingot steel and 972,000 tons of rolled steel in the Soviet Zone. Even if this production quota is met, about 1,000,000 tons of rolled steel would still have to be imported to achieve the Soviet Zone program for the production of all kinds of machinery and vehicles.